

# NEWS

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United States Department of Justice  
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***Christopher J. Christie, U.S. Attorney***

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## Irvington Man Who Prepared Hundreds of Fraudulent Tax Returns Sentenced to Six Years

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(More)

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NEWARK – An Essex County man was sentenced today to six years in federal prison for filing fraudulent tax returns on behalf of numerous New Jersey residents resulting in a loss to the government in excess of \$2.5 million, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge William H. Walls also ordered Romanus Okorie, 51, of Irvington, to pay a \$100,000 fine and prohibited him from working as a tax preparer for three years following his release from prison.

On Jan. 22, 2008, after a two- week trial and just two hours of deliberations, a jury convicted Okorie of 10 counts of willfully preparing materially false tax returns. The evidence demonstrated that the tax returns followed a distinct pattern, including the filing of false and inflated entries on Schedule C of the 1040 form, relating to sole proprietorship businesses. Among the means used by Okorie to commit the fraud were: inflating car and truck expenses relating to a business, including the false claim of tens of thousands of miles driven when in fact none were driven; false claims of professional services expenses; false claims of meals and entertainment expenses; false carryover depreciation claims when there was no depreciation to carry over.

At trial the government further demonstrated that Okorie repeatedly claimed that the sole proprietorship businesses were losing tens of thousands of dollars year after year. For example, for one client who had two jobs, Okorie invented a snow removal business as a purported sole proprietorship. Okorie claimed that the snow-removal business generated a gross income of \$550, but losses of \$57,000. These losses included expenses for 23,119 miles driven, as well as \$3,216 in meals and entertainment and \$5,120 in utilities, all for a fictitious business. The resulting refund for the taxpayer was \$13,404.

For another taxpayer, Okorie claimed that a school teacher and mother of two had a tutoring business and drove 32,000 miles in just one year for the tutoring business. Notwithstanding the tremendous losses Okorie listed for the sole proprietorship business, Okorie created similar Schedule C's the next year, hoping to persuade the IRS that people maintain such losing business year after year.

For his services, Okorie charged up to \$7,500 for the preparation of one tax return that consisted solely of the 1040, Schedule A and Schedule C.

During the trial, 14 witnesses testified. These included:

- a married couple who blew the whistle on Okorie's fraudulent conduct after he filed on their behalf a return that fraudulently claimed a refund exceeding \$20,000;
- an undercover agent from the Internal Revenue Service on whose behalf Okorie filed a return that fraudulently claimed a refund exceeding \$17,000; and
- five taxpayers for whom Okorie prepared the tax returns, each testifying that the numbers he included on the returns were false and that Okorie would often submit the tax returns

without letting them see it.

Evidence at trial further included tapes of the undercover operation, in which Okorie can be heard stating that earrings are deductible as a business for a marketing consultant. Okorie can also be heard claiming to have worked for the IRS and New Jersey Department of Revenue in important positions, both of which were proven to be false.

At today's sentencing hearing, IRS Special Agent Kenneth Long testified that one of the returns Okorie prepared contained Schedule A deductions and Schedule C expenses which in total were greater than the gross income of the taxpayer, begging the question of how the person paid for the deductions and expenses. Special Agent Long further testified that more than 100 people were audited and the total tax loss based on the audited returns exceeded \$1 million. The government presented further evidence that in 2003 Okorie prepared approximately 250 tax returns, all but one generating a refund. For 2004 he prepared close to 300 tax returns, all generating a refund. The refunds were very large, often reaching \$10,000, and reaching as high as \$49,000. Judge Walls accepted the government's argument that the pattern of fraud was so blatant and obvious that it was permissible to extrapolate based on the audited returns and determine that the actual tax loss for the returns prepared by Okorie – more than 600 – exceeded \$4 million.

Okorie had ample opportunity to cease and desist in his criminal endeavors. His own tax return was audited in 2003 and yet he continued to file false tax returns. Moreover, tax returns of his clients were audited over the years and yet he continued to file false tax returns. The Government further argued that the pattern of false tax returns was evident in 2007 tax returns submitted by the Okorie after his conviction in the instant matter.

Christie credited the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, with the agency's continuous efforts to investigate tax fraud and tax evasion.

The case was prosecuted by Assistant U.S. Attorneys Erez Liebermann and Mark Coyne of the U.S. Attorney's Office Commercial Crime unit in Newark.

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Richard S. Lehigh, Esq.